



January 15, 2014

Item No. 13

**AUTHORIZATION TO EXERCISE OPTION YEAR OF CONTRACT NO. 11123 WITH
AON RISK SERVICES, CENTRAL, INC. FOR RISK CONTROL INSPECTIONS**

RECOMMENDATION

It is recommended that the Board of Commissioners authorize the Chief Executive Officer or his designee to exercise the option year of Contract No. 11123 with Aon Risk Services Central, Inc. ("Aon") for risk control inspections in an amount not-to-exceed \$80,000 for the term February 1st, 2014 to January 31, 2015.

The Executive Vice President ("EVP"), the Office of the General Counsel and the Office of Procurement have completed all necessary due diligence to support the submission of this initiative and recommend the approval of this item accordingly.

CORPORATE GOAL

Ensure that CHA's housing portfolio is safe, decent and sustainable.

FUNDING: General Fund

SOLICITATION SUMMARY

Specification No.:

RFP #11-08842 Contract # 11123

Vendor:

Aon Risk Services, Inc. of Illinois
Joe Klein
200 E Randolph Street
Chicago, IL 60601

Contract Type:

Professional Services

Original Contract Amount:

\$80,000

Option Year Amount:

\$80,000

Original Contract Term:

May 31, 2012 - May 30, 2013

Amendment No. 1 Contract Term:

May 31, 2013 - January 31, 2014 (Time - No Money)

Option Term (1 available):

February 1, 2014 - January 31, 2015

M/W/DBE Participation:

Direct: Lambent Risk Management Services, Inc.

MBE-20% WBE-0% DBE-0% Waiver-No

Section 3:

Hiring: - 0 Subcontracting: - 0

Other Economic Opportunities \$1200 (1.5% of \$80,000)

GENERAL BACKGROUND

CHA procured the services of Aon, which has also been CHA's insurance broker and consultant of record since 2006, to provide risk control assessments pursuant to RFP No. 11-08842 released in November 2011. The original contract term was for the period of May 31, 2012 through May 30, 2013. The CHA amended the contract to extend the original contract term by 7 months to allow Aon to complete the risk control assessments it had promised to perform.

The scope of work was to inspect 100 CHA developments in accordance with the inspection criteria utilized in CHA's Risk Control Program, which CHA's private management companies are expected to follow. Inspections were conducted in all senior and family development sites, as well as various scattered site locations. Inspections were conducted by Aon's risk control consultants, with assistance from MBE partner Lambent Risk Management, performing 20% of the site visits.

Aon conducted a general tour of each facility, accompanied by management and maintenance staff. A review of records, loss prevention efforts, and a fire protection equipment assessment was performed for each of the developments. If any adverse, unsafe conditions or practices were found, immediate feedback was given so that corrective actions could be taken immediately. Of the 343 recommendations made, 15 were considered critical in nature and corrective actions were immediately taken in order to prevent future loss of physical assets or bodily injury to residents.

In addition to identifying unsafe conditions within the portfolio, the information and reports generated are shared with potential insurers, which reinforce the positive strides made by the Authority, which help change previously held opinions by the underwriting community. By changing perceptions with hard data, we are able to garner more interest from insurers, which creates competition and more favorable pricing for the insurance coverage necessary to protect Authority assets.

The inspection process is critical to the risk management process, functioning as a control measure to help the Authority protect its physical assets and resident population by identifying adverse issues. The Authority's per claim retention (deductible) for both general liability and property claims is \$250,000. Therefore, it is critical to have this element of control built into the risk management process so that adverse issues are corrected, eliminating potential incidents and resulting claims are avoided.

Aon has met all performance measures during the first year of the current contract.

The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority board policies and all applicable federal ("HUD") procurement laws.

The EVP concurs with the recommendation to exercise the option year with of Contract No. 11123 Aon Risk Services, Inc. of Illinois for Risk Control Inspections.

The CEO/President recommends the approval to exercise the option year of Contract No. 11123 with Aon in an amount not-to exceed \$80,000.00 to provide risk control inspections.

RESOLUTION NO. 2014-CHA-13

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated January 15, 2014, entitled “AUTHORIZATION TO EXERCISE OPTION YEAR OF CONTRACT NO. 11123 WITH AON RISK SERVICES CENTRAL, INC. FOR RISK CONTROL INSPECTIONS;

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT the Board of Commissioners (“Board”) authorizes the Chief Executive Officer or his designee to exercise the option year of Contract No. 11123 with Aon Risk Services Central, Inc. for risk control inspections in an amount not-to-exceed \$80,000 for the term February 1, 2014 to January 31, 2015.

These awards are subject to each Contractor’s compliance with the CHA’s MBE/WBE/DBE, Section 3 and insurance requirements.



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